



# blackmountain

resources limited

3 April 2012

Manager of Company Announcements  
Australian Securities Exchange  
Level 6, 20 Bridge Street  
Sydney NSW 2000

*By E-Lodgement*

## Corporate Update

- 1 for 2 non-renounceable entitlements issue of options at an issue price of 3 cents per option as set out in the recent re-compliance prospectus
- 708 Capital Pty Ltd appointed as Lead Manager
- Ex date for entitlement is 10 April 2012

## Overview of the Loyalty Options

As set out in the Company's recent re-compliance prospectus for the acquisition of the US Silver Projects, Black Mountain Resources Limited (ASX: BMZ) is pleased to announce the issuing of the loyalty option offer.

Existing shareholders will be offered the opportunity to purchase one new option (**Loyalty Option**) for every 2 shares held by them as at the record date of 16 April 2012 (**Record Date**) at a price of 3 cents per Loyalty Option (**Entitlement Issue**).

The key terms of the Loyalty Options are:

- the exercise price of each Loyalty Option shall be 20 cents each;
- the Company will apply to have the Loyalty Options quoted on the ASX;
- the Loyalty Options may be exercised at any time prior to expiry.

The Entitlements Issue will be made pursuant to a prospectus scheduled to be lodged with ASIC on 3 April 2012 (**Prospectus**).

Upon full subscription of the Entitlement Issue, approximately 32,656,250 Loyalty Options will be issued. The total number of options on issue shall increase from 2,000,000 to 34,656,250.

The total amount to be raised upon issue of 32,656,250 Loyalty Options shall be \$979,688 (before costs). If all Loyalty Options are exercised, \$6,531,250 would be raised by the Company.

## Lead Manager and Shortfall

The Company has appointed 708 Capital Pty Ltd as Lead Manager to the Entitlement Issue. 708 Capital or its nominee will be issued 3.5 million listed options exercisable at \$0.20 within 3 years of issue in consideration for capital raising and corporate advisory services provided.

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The Directors reserve the right to place any shortfall under the Entitlement Issue with prospective investors and to allocate any such shortfall in their absolute discretion.

### Use of Funds

The funds being raised will be put towards additional working capital for the Company.

### Timetable

The timetable for the Entitlements Issue is set out below.

Event	Timing
Announcement of Loyalty Option Issue, Lodgement of Prospectus and Appendix 3B with ASIC, and dispatch of letters to Option Holders	3 April 2012
Notice sent to Shareholders	4 April 2012
Ex Date for Entitlements	10 April 2012
Record Date for determining Shareholder Entitlements	16 April 2012
Prospectus dispatched to Shareholders and announcement that dispatch has been complete	18 April 2012
Closing Date of Offer	3 May 2012
Securities quoted on a deferred settlement basis	4 May 2012
Notify ASX of under-subscriptions	4 May 2012
Dispatch date / Loyalty Options entered into Shareholder's security holdings	7 May 2012

### Existing Option Holders

Existing option holders have no entitlement to participate in the Loyalty Option Issue program unless they exercise their existing options on or before the Record Date under the Loyalty Option Issue, being 16 April 2012. The Company will issue a letter to existing option holders to further explain their right to participate in the Loyalty Option Issue if they exercise their options prior to the Record Date.

### Placement

The Company intends to issue 2,500,000 shares at an issue price of \$0.20 (\$500,000) to investors backing the management group in the United States who were unable to participate in the recent raising. The securities were issued on 3 April 2012.

For and on behalf of the Board



**Peter Landau**  
**Executive Director**